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Supreme Court, U.S.
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IN THE

Supreme Court of the United States

LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, LIMITED PARTNERSHIP,
Petitioner,

v.

SYMBOL TECHNOLOGIES, *et al.*,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF AMICI CURIAE WISCONSIN ALUMNI RESEARCH FOUNDATION, THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, CORNELL RESEARCH FOUNDATION, INC., UNIVERSITY OF FLORIDA, SUNY RESEARCH FOUNDATION, UNIVERSITY OF VERMONT, OREGON HEALTH & SCIENCE UNIVERSITY, WASHINGTON RESEARCH FOUNDATION, THE AMERICAN COUNCIL ON EDUCATION, THE NATIONAL ASSOCIATION OF STATE UNIVERSITY AND LAND-GRANT COLLEGES, THE ASSOCIATION OF AMERICAN UNIVERSITIES, AND RESEARCH CORPORATION TECHNOLOGIES IN SUPPORT OF PETITIONER

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INTEREST OF THE AMICI CURIAE

The American Council on Education ("ACE") and the institutions listed below as *amici curiae* file this brief *Amici Curiae* in support of the Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit.[1] It is these universities and non-profit organizations that are at the forefront of new technological developments. The decision below undermines their work and provides uncertainties in the patent system, which system they rely upon as being stable and strong. As expressed during a hearing that led to the passage of the Bayh-Dole Act, the United States Senate was advised by the ACE, the Council on Governmental Relations of the National Association of Colleges and University Business Officers, the Society of University Patent Administrators, and the University of Wisconsin, Wisconsin Alumni Research Foundation that:

> As a practical matter, . . . the greater need for the patent incentive lies primarily with universities and non-profit organizations, and small business. Technology transfer by universities and non-profits depends entirely on the underlying patent position, . . . [G]iven the fact that most university-generated inventions are embryonic in nature and require a great deal of development, and often are ahead of their

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[1]Written consent to the filing of this brief has been obtained from the petitioner and respondents and is being filed herewith. No counsel for a party authored this brief in whole or in part, and no person or entity, other than the *amici curiae*, their members, or their counsel made a monetary contribution to the preparation or submission of this brief.

> time in the commercial sense . . . the *need for exclusivity* [is critical].

Patent Policy: Hearings Before the Subcomm. on Science, Technology, and Space Comm. on Commerce, Science, and Transportation, 96th Cong., 1st Sess., 243 (July 23, 1979)(statement of Howard W. Bremer on S. 1215 "Science and Technology Research and Development Utilization Policy Act")(emphasis added).

Amici consist of the ACE, and major academic institutions, which own thousands of patents and which invest billions of dollars annually in research that produces an ever expanding number of patents. The patents and the underlying technology enrich the nation, the universities, and improve the lives of the people of America and the rest of the world. *Amici* have a vital interest in protecting their existing patent assets and investments in research that will lead to new patents which provide the basis for licensing to the private sector and thereby to induce and encourage the development of new products and processes for the benefit of mankind.

Therefore, a number of the leading research universities and non-profit institutions in the United States appear today as *amici curiae* to assist this Court in protecting the strength and stability of the patent system and the "progress of science and the useful arts." U.S. Const., Art. I, §8, cl. 8.

Amici consist of: Wisconsin Alumni Research Foundation; The Regents of the University of California; Cornell Research Foundation, Inc.; University of Florida; SUNY Research Foundation; University of Vermont; Oregon Health & Science University; Washington Research Foundation; The American Council on Education; The National Association of State University and Land-Grant Colleges; The

Association of American Universities; and Research Corporation Technologies. Br. App. 1a-8a.

SUMMARY OF ARGUMENT

The majority below has created a new doctrine of "prosecution laches" that is without precedent, and in fact is directly contrary to statutory mandate and judicial rulings. The decision is an abrogation of the fundamental notion of the rule of law, that we are a nation of laws, not of men.

The immediate effect of the decision, if it were allowed to stand, will be felt by the thousands of owners of patents that matured from continuation or divisional applications whose patent properties suddenly have been undermined by this new, judicially-devised defense. The day before that decision, patent applicants could rely on the long standing provision of the Patent Statutes regarding continuation and divisional application procedures provided by 35 U.S.C. §§120 and 121, as well as judicial precedents pronouncing that "[a] party seeking a right under the patents statutes may avail himself of all their provisions, and the courts may not deny him the benefit of a single one." *In re Hogan*, 559 F.2d 595, 603 (C.C.P.A. 1977), *citing United States v. American Bell Telephone Co.*, 167 U.S. 224, 247 (1897). Today, that reliance has evaporated -- supplanted by a newly created concept of unknown breadth, so-called "prosecution laches."

The more insidious effect is on the judiciary and the commonweal, as the decision undermines the rule of law. What distinguishes our country from most of the world is that we are governed by known rules, and not by the arbitrary decisions of people in power – one can plan one's affairs with the knowledge

of those rules, and the fair certainty that they will be uniformly applied. Rulings such as the one below eviscerate that confidence, just as they foster a mounting cynicism about the courts, as evidenced by the reluctant, but too often truthful, advises that members of the bar give to their clients: "It depends on who is on the panel."

The lower court's refusal to consider two "nonprecedential" decisions that are directly on point, but which came to diametrically opposite holdings from the Court, is contrary to the principle that courts will not "treat similarly situated litigants differently." *Harper v. Virginia Dept. of Taxation*, 509 U.S. 86 , 97 (1993).

Amici will suffer doubly from the decision. The decision creates a new cloud that covers many of their patents; continuation and divisional applications being commonplace for universities where typically the patented technology represents the results of basic research. The decision also exacerbates the difficulty of assessing the value of university patents, a prerequisite to determining the royalties to be charged, or deciding whether to enter into the costly venture of enforcing the patents in the courts. This is not simply because of this new cloud over patents born of continuation and divisional applications, but because of the heightened unpredictability of decisions by what is almost always the highest patent court in the land.

ARGUMENT

I. The Statute Provides No Time Limitations And So Say The Cases

The court below ignored the statute and precedent of its own court when it adopted this new defense of "prosecution laches." As Judge Newman, the dissenting judge below succinctly expressed:

> The long-standing rule, until today, is that when the statutory requirements for continuing applications are met, patents are not subject to attack on non-statutory grounds. It simply adds to the uncertainties of the patent grant, to create a new cause of action whereby routine actions, in full statutory compliance, can years later be challenged as having been done too late or having taken too long. The consequence of this new cause of action of 'prosecution laches' have not been explored, for this court is presented only with the concerns of those charged with infringing these Lemelson patents. However, the consequences are not limited to this case, but will open legally granted patents to a new source of satellite litigation of unforeseen scope, for the continuation practice is ubiquitous in patent prosecution.

Pet. App. at 14a-15a.

The Patent Statute explicitly provides that a patent applicant may file a continuation application based on an earlier application and "the application shall have the same effect, as

to such invention, as though filed on the date of the prior application . . .". 35 U.S.C. §120. This continuation practice is very common, as Judge Newman stated in her dissent, such "continuation practice is ubiquitous in patent prosecution" (Pet. App. 15a). The statute also provides that the Patent Office may require a divisional application, and it too "shall be entitled to the benefit of the filing date of the original application." 35 U.S.C. §121.[2] While there are defined limitations as to the circumstances under which a continuation or divisional application may be filed, there are no time limitations.

Without a statutory time limit, there is none, as explicitly stated by the Federal Circuit's binding precedent:

> A party seeking a right under the patents statutes may avail himself of all their provisions, and the court may not deny him the benefit of a single one. These are questions not of natural but of purely statutory right.

In re Hogan, 559 F.2d 595, 603 (C.C.P.A. 1977), *citing United States v. American Bell Telephone Co.*, 167 U.S. 224, 247

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[2] While the General Agreement on Tariffs and Trade ("GATT") has limited patent terms to twenty years from the date of the original application, patents filed before June 8, 1995 are not affected by GATT and *all* continuations filed anytime within the twenty year period are all still subject to this new doctrine of "prosecution laches" and "intervening rights".

(1897).[3]

The majority opinion below does not cite *In re Hogan*.

Earlier, the Court of Customs and Patent Appeals, in ruling that there is no limitation on the number of continuation applications that can be strung together, each successively relying on the earlier one to ultimately rely on the first filing date, observed:

> Finally, we would express the postscript to this opinion, as did the dissenting opinion of the board, that it is unfortunate that a patent should be granted on an application depending upon another application filed over 20 years ago. However, as the opinion of the board dissenters states . . . 'but the cure for this deplorable state of affairs rests with Congress, not with us. If a restriction is to be imposed, it must be based upon law . . .'

In re Hendriksen, 399 F.2d 253 (C.C.P.A. 1968), quoting *Ex Parte Hendriksen*, 154 USPQ 53, 61 (Bd. Pat. App. 1966) (Magil, dissenting in part).

The majority opinion below does not cite *In re Hendriksen*.

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[3] Decisions by the Federal Circuit's predecessor courts, the Court of Customs and Patent Appeals and the Court of Claims, are binding precedent on the Federal Circuit and cannot be overruled except upon *en banc* consideration. *South Corporation v. United States*, 690 F.2d 1368, 1370-1371 (Fed. Cir. 1982) (*en banc*).

Generally to the same effect, that a patentee is entitled to the earlier filing date as long as there is compliance with §§ 120 or 121, are the decisions in *Transco Products, Inc. v. Performance Contracting, Inc.*, 38 F.3d 551, 556 (Fed. Cir. 1994); *Racing Strollers, Inc. v. TRI Industries, Inc.*, 878 F.2d 1418, 1421 (Fed. Cir. 1989) (*en banc*); *Studiengesellschaft Kohle GmbH v. Northern Petrochemical Co.*, 784 F.2d 351, 357 (Fed. Cir. 1986); *In re Bauman*, 683 F.2d 405, 407 (C.C.P.A. 1982).

The majority opinion below does not cite any of these cases, except *Transco* on another point.

Rather, the majority turns to *Woodbridge v. United States*, 263 U.S. 50 (1923) and *Webster Electric Co. v. Splitdorf Electrical Co.*, 264 U.S. 463 (1924), which Petitioner convincingly establishes are not on point. Pet. at 15-18.

The court below repudiated a long-standing rule of the patent laws, and in doing so again failed to recognize that "[f]undamental alterations in [settled] rules risk destroying the legitimate expectations of inventors in their property." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, ___ U.S. ___, 122 S. Ct. 1831, 1841 (2002). This Court should follow the lead of the dissent below and "should lay to rest this new source of uncertainty and variability in continuation practices, lest we insert a taint into every patent that has invoked these statutory procedures." Pet. App. at 19a.

II. There Must Be Some Exceptions To The Nonprecedential Decisions Rules

The panel below was not only confronted with all of these binding precedents, each of which was cited by Petitioner,

but by two of its "nonprecedential" decisions that addressed and ruled upon the precise issue presented: Can the courts impose a time limitation on 35 U.S.C. §§ 120 or 121 via "prosecutional laches?" *See Ricoh Co. v. Nashua Corp.*, 1999 WL 88969 (Fed. Cir. Feb. 18, 1999); *Bott v. Four Star Corp.*, 1988 WL 54107 (Fed. Cir. May 26, 1988).

The majority opinion does not cite either of these cases.

Notably, on Petitioner's motion, the court did allow discussion of these two "nonprecedential" cases. But having opened the discussion, it decided not to address the merits of those cases, in favor of bolstering the necessity and constitutionality of Fed. Cir. R. 47.6(b), barring citation of decisions designated "nonprecedential." Pet. App. at 10a-13a. It is striking that this "rule" of the court below is wholly sacrosanct and categorically binding, while the mandate of Congress, and the prior decisions of this Court are essentially dismissed without benefit of analysis.

The more established rule of Anglo-American jurisprudence, to not "treat similarly situated litigants differently," required more of the court below. *See Harper v. Virginia Dept. of Taxation*, 509 U.S. 86 , 97 (1993), *quoting American Trucking Ass'ns, Inc. v. Smith*, 496 U.S. 167, 214 (1990) (Stevens, J., dissenting). The facts are that, in two prior decisions, the panels had "unanimously determined," pursuant to Fed. Cir. R. 47.6(b), that the decision on the precise issue before the court below did not add "significantly to the body" of law, and therefore the decisions could never be cited to the court. Yet, these decisions were directly contrary to the majority opinion below.

Obviously, something was amiss, and there were but two possibilities. Either the earlier panels were correct in designating the decisions nonprecedential, based on *In re Hogan*, 559 F.2d 595, 603, and *In re Hendriksen*, 399 F.2d 253, 262, in which event, these earlier precedents were controlling, and the majority was bound to follow them, or at the very least, to send the case to the court sitting *en banc*. *South Corp.*, 690 F.2d at 1370-1371 (*en banc*); or the earlier panels were incorrect in designating the decisions nonprecedential, meaning that the decisions should have been designated precedential, and the majority was bound to follow them, or send them to the *en banc* panel. Either way, there was binding precedent that went directly opposite to the majority's opinion.

The dichotomy is universal to all "nonprecedential" decisions from all of the circuit courts of appeals: when cases are so designated, the designation is either correct, in which case, the litigants have earlier authority on which to rely, or the designation is incorrect, in which case, the mistakenly designated decision should be deemed precedential. Otherwise, as illustrated by the opinion below, a court will promote the possibility of error thereby treating "similarly situated litigants differently." *Harper*, 509 U.S. at 97.

In light of the opinion below, and the conflicting discussions of this issue in *Anastasoff v. United States*, 223 F.3d 898, *vacated as moot*, 235 F.3d 1054 (8th Cir. 2000) (*en banc*); *Hart v. Massanari*, 266 F.3d 1155 (9th Cir. 2001); and *Williams v. Dallas Area Rapid Transit*, 256 F.3d 260, 262 (5th Cir. 2001) (Smith, J., dissenting from denial of rehearing *en banc*), this Court should address this issue. *See* Pet. at 26-28.

III. The Holding Devalues The Patent Portfolios Of *Amici*

The commonplace notion that the inventor makes a discovery, cries *eureka*, and obtains a patent does not fit with reality. While the specification, which describes the state of the art, the research, and ideas of the inventor, can be prepared relatively early in the application procedure, the patent claims are far more difficult to draw. That difficulty increases geometrically with basic research, which is the principal research of the *amici* universities. The transistor, for example, developed at Bell Laboratories in the 1940s, was initially conceived as being potentially useful in telephone switches. Today, we know that the world was transformed by that invention.

The U.S. patent laws have long provided that a patent applicant can file a continuation application based on his initial specification and retain the critical rights to the original filing date. Because of the universities' basic research, for decades, *amici* have been relying on the established right, as pronounced in the patent laws and court decisions, that a continuation or divisional application was, *without question*, entitled to the earlier application date. There was simply no defense that could arise, as long as the established rules were followed.

The decision below tore away that certainty, and has placed a cloud over thousands of university patents, not only those of the *amici* but also those of other universities, non-profit institutions and small businesses operating under the Bayh-Dole Act. It is of course impossible to calculate at this early date the extent of the harm, but it is transparently clear that the costs will be immense.

Included in those costs will be the potential loss to the public of products and processes which find patent protection deriving from continuation, divisional and continuation-in-part practices. The uncertainty to which the majority decision and opinion inject into the practices involving these kinds of patent applications will inevitably lead to greater difficulty in licensing the claimed invention to the private sector for development for the public benefit. That outcome can deprive the public of products beneficial to the public health and safety and can even threaten the technological leadership of the United States in the global economy.

One can also construe the court's decision with reference to "intervening rights" as a genesis and endorsement of prior user rights as a defense against infringement - the broad concept of which was rejected by Congress in the recently passed American Inventors Protection Act of 1999. Pub. L. 106-113.

Moreover, the effect on *amici* is magnified due to the early nature of many of *amici's* discoveries. The Bayh-Dole Act reflects a national policy to encourage patenting and licensing of rights in federally-funded university inventions. But because of the basic nature of many university discoveries, the resulting patent claims are (1) of broad scope (therefore more subject to "restriction" which divides the patent application up into multiple cases each having to be pursued separately); and (2) subject to important, newly-added improvements discovered after filing the original case (which can be added by filing a continuation-in-part of the original case). Fashioning claims in new technology areas, which the examiners of the U.S. Patent and Trademark Office and the patent bar have not seen before, can lead to protracted prosecution as the parties seek, for example, the best expression of the invention, as has happened in the biotechnology area

where many of the *amici's* inventions are directed. *Amici* have such cases still pending before the Patent Office after more than a decade through no fault of *amici*. These cases, and other similarly "delayed", are due more to a patent applicant coming to grips with new technology, rather than "fault" of applicants engaging in some nefarious activity. Yet, the result of the decision below will be to undercut the value of patent portfolios, developed after years of effort, as a result of this new, retroactive statutory baseless doctrine of intervening rights.

The damage that will be done by retroactively changing the patent law on which *amici*, and the rest of the patenting public, have confidently relied is an abrogation of the rule of law. It need not have been. As Judge Newman observed in her dissent:

> I have no doubt that compliance with statutory law can lead to inequity in individual cases. However, unless one is prepared to abandon the rule of law in favor of subjective judicial preferences, when there is a statute it must prevail.

Pet. App. at 16a.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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